

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Allegan Township		County Allegan
Audit Date 3/31/04	Opinion Date 8/25/04	Date Accountant Report Submitted to State: 9/30/04		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan as revised by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Angle & Steffes, P.C.			
Street Address 428 Water Street		City Allegan	State MI
ZIP 49010		Accountant Signature <i>Theresa E. Steffes CPA Campbell Angle & Steffes P.C.</i>	



TOWNSHIP OF ALLEGAN
ALLEGAN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

ALLEGAN TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

August 25, 2004

To the Township Board
Township of Allegan
Allegan County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Allegan, Allegan County, Michigan as of and for the year ended March 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Allegan Township, Allegan County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Allegan as of March 31, 2004 and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments, as of March 31, 2004.

The management's discussion and analysis and budgetary comparison information on pages 2 and 23 through 25 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,


Campbell, Angle & Steffes, P.C.

Certified Public Accountants

Management's Discussion and Analysis Allegan Township, Allegan County

The Township as a Whole

As a whole, Allegan Township's financial position is very stable. We continue to see growth in residential development and some commercial activity resulting in a consistently higher tax base each year. The Township's combined net assets increased approximately 10% from a year ago - increasing from \$2.16 million to \$2.46 million.

Governmental Activities

The Township has two Sewer Districts that provide sewer connection from the City of Allegan to approximately 100 residential and commercial parcels. Only about 1/3 of the possible hookups are active at this time resulting in a burden on the General Fund. We have voted mills for Public Safety (.47760), Fire Trucks (.5000), Roads (2.95530) and Township Operating (.87120).

The Township Funds

The Township has four major funds: General, Road, Public Safety and Sewer. The General Fund supports most of the Township's governmental services as well as supplementing Public Safety and Sewer Funds. Public Safety does have a supporting millage but it isn't enough to fully fund itself. Anywhere from \$50,000 to \$70,000 supplements the Public Safety and it varies for the Sewer Fund from year to year because of the way our bond payments were set up. It is an upward and then downward curve over 20 years starting out with smaller payments, gradually increasing to the midpoint of the amortization and then decreasing to more affordable payments. In 2005 we will be at the peak of our amortization at approximately \$95,000. We have excellent support in Road Millage Funding at three mills for that fund to pretty much take care of itself. We have excellent roads in Allegan Township compared to other townships.

General Fund Budgetary Highlights

In anticipation of State Revenue cuts, some items in our budget were not followed through such as a Township Hall sign, well and trees placed in cemetery and other updates on the Township Hall. We continued to meet our obligations to the Allegan Public Library at \$25,000, ambulance service at \$2,500 and Allegan Recreation Department at \$5,000. Township Sewer debt will continue to be somewhat of a burden on the General Fund for the next few years. Overall, we are in good shape.

Outlook for the Coming Year

Even though Allegan Township has experienced a cutback in State Revenue, the Township Board anticipated that happening and budgeted accordingly. In 2003-04 we were able to maintain what we have, but declined to move forward with expenditures budgeted that were not absolutely necessary. Some road building and maintenance occurred but the money in the Road Fund was there to pay for it. No debt was incurred. Therefore, 2004-05 is looking to be a very stable financial year for Allegan Township.

Contacting the Township's Management

To review or assess the Township's financial accountability, copies of the financial report may be obtained by contacting the Allegan Township Clerk.

TOWNSHIP OF ALLEGAN
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 831,330	\$ 1,336	\$ 832,666
Investments	0	0	0
Receivables - net	134,191	29,602	163,793
Prepays	18,705	0	18,705
Capital assets - net	<u>880,056</u>	<u>1,201,091</u>	<u>2,081,147</u>
 Total Assets	 <u>1,864,282</u>	 <u>1,232,029</u>	 <u>3,096,311</u>
LIABILITIES			
Accounts payable	11,040	0	11,040
Accrued and other liabilities	67,992	0	67,992
Deferred revenue	11,733		11,733
Noncurrent Liabilities			
Due within one year	35,221	75,000	110,221
Due in more than one year	<u>126,006</u>	<u>310,000</u>	<u>436,006</u>
 Total Liabilities	 <u>251,992</u>	 <u>385,000</u>	 <u>636,992</u>
NET ASSETS			
Invested in Capital Assets			
Net of related debt	718,829	816,091	1,534,920
Restricted For			
Public works	521,218	0	521,218
Public safety	87,017	0	87,017
Public sewer	0	30,938	30,938
Unrestricted	<u>285,226</u>	<u>0</u>	<u>285,226</u>
 Total Net Assets	 <u>\$ 1,612,290</u>	 <u>\$ 847,029</u>	 <u>\$ 2,459,319</u>

TOWNSHIP OF ALLEGAN
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2004

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
General government	\$ 238,165	\$ 7,435	\$ 0	\$ 0	\$ (230,730)	\$ 0	\$ (230,730)
Public safety	233,168	90,576	0	0	(142,592)	0	(142,592)
Public works	132,208	0	0	0	(132,208)	0	(132,208)
Community/Economic development	5,275	0	0	0	(5,275)	0	(5,275)
Recreation and culture	30,000	0	0	0	(30,000)	0	(30,000)
Health and welfare	2,500	0	0	0	(2,500)	0	(2,500)
Debt service	9,737	0	0	0	(9,737)	0	(9,737)
Total Governmental Activities	651,053	98,011	0	0	(553,042)	0	(553,042)
Business-Type Activities							
Sewer Fund	53,392	11,001	0	0	0	(42,391)	0
Total Primary Government	\$ 704,445	\$ 109,012	\$ 0	\$ 0	(553,042)	(42,391)	(595,433)
General Revenues							
Property taxes					515,454	17,298	532,752
State revenues					301,260	0	301,260
Unrestricted investment earnings					0	0	0
Interest & Rent					26,895	32	26,927
Miscellaneous, fines & forfeits					27,018	0	27,018
Transfers					(44,617)	44,617	0
Total General Revenues-Special Items and Transfers					826,010	61,947	887,957
Change in Net Assets					272,968	19,556	292,524
Net Assets-Beginning					1,339,322	827,473	2,166,795
Net Assets-Ending					\$ 1,612,290	\$ 847,029	\$ 2,459,319

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ALLEGAN
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2004

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 179,780	\$ 461,226	\$ 43,996	\$ 146,328	\$ 831,330
Investments	0	0	0	0	0
Receivables - net	46,870	22,977	3,712	6,374	79,933
Due from other funds	50,911	1,736	787	824	54,258
Prepays	18,705	0	0	0	18,705
Total Assets	296,266	485,939	48,495	153,526	984,226
LIABILITIES					
Accounts payable	11,040	0	0	0	11,040
Due to other funds	0	0	0	67,992	67,992
Deferred revenue	0	0	0	11,733	11,733
Total Liabilities	11,040	0	0	79,725	90,765
FUND BALANCES					
Reserved for					
Public works	0	485,939	0	35,279	521,218
Public safety	0	0	48,495	38,522	87,017
Unreserved	285,226	0	0	0	285,226
Total Fund Balances	\$ 285,226	\$ 485,939	\$ 48,495	\$ 73,801	\$ 893,461
Amounts reported for governmental activities in the Statement of Net Assets are different because:					
Capital assets used in governmental activities are not financial resources and are not reported in the funds.					
Debt principal repayments and proceeds of debt are not reported on the statement of activities.					
Net Assets of Governmental Activities	(161,227)				
	<u>\$ 1,612,290</u>				

The Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF ALLEGAN
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
March 31, 2004

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and penalties	\$ 114,303	\$ 275,584	\$ 45,033	\$ 80,534	\$ 515,454
Licenses and permits	0	0	0	48,757	48,757
State aid	301,260	0	0	0	301,260
Contributions from Local Units	0	0	0	0	0
Charges for services	7,435	0	41,819	0	49,254
Fines & Forfeits	0	0	0	0	0
Interest and rentals	25,597	891	85	322	26,895
Other revenue	11,968	0	2,152	12,898	27,018
Total Revenues	460,563	276,475	89,089	142,511	968,638
Expenditures					
Current					
General government	217,450	0	0	0	217,450
Public safety	0	0	158,271	48,757	207,028
Public works	26,874	89,313	0	16,021	132,208
Recreation and cultural	30,000	0	0	0	30,000
Community/Economic development	5,275	0	0	0	5,275
Health & welfare	2,500	0	0	0	2,500
Capital outlay	3,120	0	20,856	0	23,976
Debt Service	0	0	0	98,766	98,766
Total Expenditures	285,219	89,313	179,127	163,544	717,203
Excess of Revenues Over (Under)	175,344	187,162	(90,038)	(21,033)	251,435
Other Financing Sources (Uses)					
Transfers in	0	0	87,921	98,766	186,687
Transfers (out)	(175,531)	0	0	(55,773)	(231,304)
Total Other Financing Sources (Uses)	(175,531)	0	87,921	42,993	(44,617)
Excess of Revenue and Other Sources					
Over (Under) Expenditures & Other Uses	(187)	187,162	(2,117)	21,960	206,818
Fund Balance - April 1, 2003	285,413	298,777	50,612	51,841	686,643
Fund Balance - March 31, 2004	\$ 285,226	\$ 485,939	\$ 48,495	\$ 73,801	\$ 893,461

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ALLEGAN
FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
MARCH 31, 2004

	<u>Agency Fund (Property Tax Collection Fund)</u>
ASSETS	
Cash and cash equivalents	\$ 68,454
Total Assets	<u>\$ 68,454</u>
LIABILITIES	
Accounts payable	\$ 0
Due to other governmental units	65,106
Due to other funds	<u>3,348</u>
Total Liabilities	<u>\$ 68,454</u>

TOWNSHIP OF ALLEGAN
PROPRIETARY FUND STATEMENT OF NET ASSETS
MARCH 31, 2004

	<u>Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,336
Investments	0
Receivables - net	3,508
Due from other governments	9,013
Due from other funds	<u>17,081</u>
Total Current Assets	30,938
Noncurrent Assets	
Capital Assets - net	<u>1,201,091</u>
Total Noncurrent Assets	<u>1,201,091</u>
Total Assets	<u>1,232,029</u>
LIABILITIES	
Current Liabilities	
Accounts payable	0
Due to other funds	0
Current portion of noncurrent liabilities	<u>75,000</u>
Total Current Liabilities	<u>75,000</u>
Noncurrent Liabilities	
Bonds, notes and loans payable	<u>310,000</u>
Total Noncurrent Liabilities	<u>310,000</u>
Total Liabilities	<u>385,000</u>
NET ASSETS	
Invested in capital assets - net of related debt	816,091
Restricted for debt service	0
Unrestricted	<u>30,938</u>
Total Net Assets	<u>\$ 847,029</u>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ALLEGAN
PROPRIETARY FUND STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
MARCH 31, 2004

	<u>Sewer Fund</u>
Operating Revenues	
Tax revenue	\$ 17,298
Charges for services	11,001
Other	<u>0</u>
Total Operating Revenues	<u>28,299</u>
Operating Expenses	
Public works	<u>53,392</u>
Total Operating Expenses	<u>53,392</u>
Operating Income (Loss)	<u>(25,093)</u>
Nonoperating Revenues (Expenses)	
Interest and investment revenue	<u>32</u>
Total Nonoperating Revenue (Expense)	<u>32</u>
Income (Loss) Before Contributions & Transfers In (Out)	(25,061)
Transfers In (Out)	<u>44,617</u>
Change in Net Assets	19,556
Total Net Assets - Beginning April 1, 2003	<u>827,473</u>
Total Net Assets - Ending March 31, 2004	<u><u>\$ 847,029</u></u>

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF ALLEGAN
 PROPRIETARY FUND STATEMENT OF CASH FLOWS
 YEAR ENDED MARCH 31, 2004**

		<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 19,556	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Increase in accounts receivable	(1,525)	
Decrease in accounts payable	(1,494)	
Effect of prior year transactions	0	
Depreciation	<u>28,261</u>	
Net cash provided (used) by operating activities		44,798
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayment of capital debt	<u>(50,000)</u>	
Net cash provided (used) by capital and related financing activities		<u>(50,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents		(5,202)
Balances - Beginning of the year		<u>6,538</u>
Balances - End of the year		<u><u>\$ 1,336</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Allegan, Allegan County, Michigan is a general law municipal Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Allegan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund and Fire Fund are Special Revenue Funds of the Township. The Road Fund and Fire Fund are used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for specified purposes.

The government reports the following major proprietary fund:

The Sewer Fund accounts for the activities of the sewage collection system.

Additionally, the government reports the following non-major fund types:

The Miner Lake Improvement Special Assessment (Paving Projects), Building Inspection, Fire Equipment and Debt Service Funds are Special Revenue Funds of the Township. The Miner Lake, Special Assessment, Fire Equipment and Building Inspection Funds are used to account for proceeds of special purpose programs. The Debt Service Fund is used to account for debt repayments of the governmental funds.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Allegan does have one enterprise fund, the Sewer Fund.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating revenue items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary fund relates to charges to customers for sales and services. The sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Finally, the government reports the following fund types:

The Tax Collection Fund is a Fiduciary Fund accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied each July for State Education Tax, and on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent in the following September and March of the following respective period, at which time penalties and interest are assessed.

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Sidewalks	20 to 30 years
Fire Equipment	07 to 25 years
Vehicles	03 to 07 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Compensated absences and unpaid vacations were considered but not accrued due to immateriality in amount.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements for the effect of the inclusion of capital assets and long term debts.

Capitalized Asset Costs	\$	1,481,106
Less Accumulated Depreciation		<u>(601,050)</u>
Capital Assets - net		880,056
Less Short Term debt		(35,221)
Less Long Term debt		<u>(126,006)</u>
Net Adjustments		718,829
 Governmental Fund Balances		 893,461
		<hr/>
 Net Assets of Governmental Activities	\$	 1,612,290

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENT
MARCH 31, 2004**

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund - Assessor	\$ 25,205	\$ 25,227

Fund Deficits-The Local Government Unit has one accumulated fund balance deficit as of the audit date. The Special Revenue fund for Special Assessments shows a deficit of \$21,871. The deficit will be resolved in the 2004/2005 fiscal year. Deferred revenues of \$11,733 will be recognized and the final collection of tax assessments of \$10,667 will be collected.

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENT
MARCH 31, 2004**

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash & cash equivalents	<u>\$ 831,330</u>	<u>\$1,336</u>	<u>\$68,454</u>	<u>\$ 901,120</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 901,120
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	<u>-</u>
Total	<u>\$ 901,120</u>

The book balance of the primary government's deposits is \$901,120 of which \$100,000 is covered by federal depository insurance.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor and business funds, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	Major Funds			Non-Major Government		Business Type	Total Primary Government
	General Fund	Road Fund	Fire Fund	and Other Funds	Activities Total		
Charges receivable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,238	\$ 3,238
Taxes receivable	8,403	22,977	3,712	6,374	41,466	270	41,736
State revenues receivable	38,467	0	0	0	38,467	0	38,467
Due from other funds	50,911	1,736	787	824	54,258	17,081	71,339
Due from other governments	0	0	0	0	0	10,473	10,473
Less: allowance for uncollecti	0	0	0	0	0	(1,460)	(1,460)
Net Receivables	<u>\$ 97,781</u>	<u>\$ 24,713</u>	<u>\$ 4,499</u>	<u>\$ 7,198</u>	<u>\$ 134,191</u>	<u>\$ 29,602</u>	<u>\$ 163,793</u>

**TOWNSHIP OF ALLEGAN
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 206,383	0	0	\$ 206,383
Subtotal	<u>206,383</u>	<u>0</u>	<u>0</u>	<u>206,383</u>
Capital Assets Being Depreciated				
Buildings, additions and improvements	459,949	0	0	459,949
Improvements other than buildings	93,850	0	0	93,850
Equipment	127,954	0	0	127,954
Furniture and equipment	35,249	3,120	0	38,369
Fire equipment	533,745	20,856	0	554,601
Sewer equipment	<u>1,413,042</u>	<u>0</u>	<u>0</u>	<u>1,413,042</u>
Subtotal	<u>2,663,789</u>	<u>23,976</u>	<u>0</u>	<u>2,687,765</u>
Less Accumulated Depreciation for				
Buildings	103,446	11,625	0	115,071
Improvements other than buildings	32,098	3,755	0	35,853
Equipment	114,987	4,670	0	119,657
Furniture and equipment	35,000	665	0	35,665
Fire equipment	268,664	26,140	0	294,804
Sewer equipment	<u>183,690</u>	<u>28,261</u>	<u>0</u>	<u>211,951</u>
Subtotal	<u>737,885</u>	<u>75,116</u>	<u>0</u>	<u>813,001</u>
Net Capital Assets Being Depreciated	<u>1,925,904</u>	<u>(51,140)</u>	<u>0</u>	<u>1,874,764</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 2,132,287</u>	<u>\$ (51,140)</u>	<u>\$ 0</u>	<u>\$ 2,081,147</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities

General government	\$ 20,715
Public safety	26,140
Public works	0
Sewer	<u>28,261</u>
Total Governmental Activities	<u>\$ 75,116</u>

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds			
<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General	\$ 30,283	Fire equipment	\$ 30,283
General	20,628	Special Assessment	20,628
Road	1,736	Tax	1,736
Fire	787	Tax	787
Sewer	17,081	Debt Service	17,081
Fire equipment	824	Tax	824
Total	<u>\$ 71,339</u>		<u>\$ 71,339</u>
Interfund Transfers			
<u>Transfers In</u>		<u>Transfers (Out)</u>	
Sewer	\$ 44,617	General Fund	\$ 44,617
Fire	87,921	General Fund	87,921
Debt Service	42,993	General Fund	42,993
Debt Service	33,406	Special Assessment	33,406
Debt Service	22,367	Fire Equipment	22,367
Total	<u>\$ 231,304</u>		<u>\$ 231,304</u>

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 8 - SEWER FUND DEBTS

SEWER BONDS: Allegan Township issued \$665,000 of special assessment bonds in August of 1995 to provide funds for the construction of a sewer pipeline to serve residential and commercial developments. The bonds have a stated rate of interest varies from 4.25% to 6.10% and are payable in variable installment amounts of principle and interest on May 1 and interest only on November 1 of each year.

The special assessment bond sewer fund requirements to maturity, are as follows:

<u>Year ending March 31</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 75,000	\$ 21,988
2006	60,000	17,975
2007	50,000	14,675
Thereafter	<u>200,000</u>	<u>53,950</u>
TOTAL	\$385,000	\$108,588

During the year ending March 31, 2004, the following changes occurred in sewer debt:

	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2004</u>
Sewer bonds	\$435,000	\$ 0	\$50,000	\$385,000

NOTE 9 - EQUIPMENT AND REAL PROPERTY - COMMERCIAL LOANS

Allegan Township borrowed from local banks the following loans to be repaid by tax levies and special assessments:

<u>Purpose</u>	<u>Total Principal and Interest Requirements</u>	
Fire Equipment 3.75%, \$1,030.60/month, matures 2007 but will be paid off early	2005	\$12,367
	2006	<u>8,515</u>
		\$20,882
Township Hall 5.7%, \$1,655.47/month matures 2008	2005	\$19,865
	2006	19,865
	2007	19,865
	2008	<u>6,878</u>
		\$66,473
Land for Development Property, 5.36%, \$2,557.86/quarter, matures 2014	2005	10,231
	2006	10,231
	2007	10,231
	Thereafter	<u>73,092</u>
		\$103,785
Total Debt Requirements		\$191,140

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 10 - SPECIAL PAVING PROJECTS/SPECIAL ASSESSMENT FUND

The paving project on Clyde/Meade Road was a special assessment voted by the 21 property owners.

As of March 31, 2004, the following plan applies to the project:

Cash on hand	\$ 9,325
Tax Receivable 2003	1,165
Tax Collections Winter 2004	<u>10,667</u>

Total Cash	\$21,157
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Repayment to General Fund for early payoff of bank debt incurred for project	\$20,628
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REQUIRED SUPPLEMENTAL & ADDITIONAL INFORMATION

**TOWNSHIP OF ALLEGAN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2004**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
Beginning of Year Fund Balance	285,413	285,413	285,413	(0)
Resources (Inflows)				
Taxes and penalties	116,920	116,920	114,303	(2,617)
Licenses and permits	0	0	0	0
State aid	296,370	296,370	301,260	4,890
Contributions from local government	0	0	0	0
Charges for services	5,100	5,100	7,435	2,335
Interest and rentals	25,700	25,700	25,597	(103)
Miscellaneous revenues	13,000	13,000	11,968	(1,032)
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	<u>742,503</u>	<u>742,503</u>	<u>745,976</u>	<u>3,473</u>
Charges to Appropriations (Outflows)				
General Government				
Township board	58,710	72,207	41,468	30,739
Supervisor	30,240	30,240	26,790	3,451
Elections	5,450	5,450	6	5,444
Assessor	23,800	25,205	25,227	(22)
Clerk	38,840	40,335	37,657	2,678
Board of review	2,350	2,855	1,960	895
Treasurer	31,880	31,880	29,643	2,237
Building and grounds	52,730	70,709	54,699	16,010
Public Safety	0	0	0	0
Public Works	29,500	30,855	26,874	3,981
Recreation and culture	30,000	30,000	30,000	0
Health and welfare	2,500	2,500	2,500	0
Community/Economic development	5,000	5,416	5,275	141
Capital outlay	4,000	4,000	3,120	880
Transfers to other funds	<u>170,180</u>	<u>197,141</u>	<u>175,531</u>	<u>21,610</u>
Total Charges to Appropriations	<u>485,180</u>	<u>548,793</u>	<u>460,750</u>	<u>88,043</u>
Budgetary Fund Balance-March 31, 2004	<u>\$ 257,323</u>	<u>\$ 193,710</u>	<u>\$ 285,226</u>	<u>\$ 91,516</u>

**TOWNSHIP OF ALLEGAN
BUDGETARY COMPARISON SCHEDULE
ROAD FUND
YEAR ENDED MARCH 31, 2004**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Beginning of Year Fund Balance	\$ 298,777	\$ 298,777	\$ 298,777	\$ 0
Resources (Inflows)				
Taxes and penalties	259,340	259,340	275,584	16,244
Interest	2,000	2,000	891	(1,109)
Miscellaneous	0	0	0	0
Transfers In	0	0	0	0
Amounts Available for Appropriation	<u>560,117</u>	<u>560,117</u>	<u>575,252</u>	<u>15,135</u>
Charges to Appropriation (Outflows)				
Public Works				
Roads	273,650	275,287	89,313	185,974
Transfers Out	0	6,334	0	6,334
Total Charges to Appropriations	<u>273,650</u>	<u>281,621</u>	<u>89,313</u>	<u>192,308</u>
Budgetary Fund Balance-March 31, 2004	<u>\$ 286,467</u>	<u>\$ 278,496</u>	<u>\$ 485,939</u>	<u>\$ 207,443</u>

**TOWNSHIP OF ALLEGAN
BUDGETARY COMPARISON SCHEDULE
FIRE FUND
YEAR ENDED MARCH 31, 2004**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 50,612	\$ 50,612	\$ 50,612	\$ 0
Resources (Inflows)				
Taxes and penalties	41,900	41,900	45,033	3,133
Charges for service	38,800	38,800	41,819	3,019
Interest and rentals	300	300	85	(215)
Miscellaneous	200	200	2,152	1,952
Transfers from other funds	<u>70,410</u>	<u>70,410</u>	<u>87,921</u>	<u>17,511</u>
Amounts Available for Appropriation	<u>202,222</u>	<u>202,222</u>	<u>227,622</u>	<u>(25,400)</u>
Charges to Appropriations (Outflows)				
Public Safety				
Fire	130,510	163,346	158,271	5,075
Capital outlay	<u>24,900</u>	<u>24,900</u>	<u>20,856</u>	<u>4,044</u>
Total Charges to Appropriations	<u>155,410</u>	<u>188,246</u>	<u>179,127</u>	<u>9,119</u>
Budgetary Fund Balance-March 31, 2004	<u>\$ 46,812</u>	<u>\$ 13,976</u>	<u>\$ 48,495</u>	<u>\$ (34,519)</u>

TOWNSHIP OF ALLEGAN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
March 31, 2004

	Special Revenue Funds					Total
	Miner Lake Fund	Special Assessment Fund	Building Permit Fund	Debt Service Fund	Fire Equipment Fund	Non-Major Governmental Funds
Assets						
Cash and cash equivalents	\$ 55,828	\$ 9,325	\$ 0	\$ 17,081	\$ 64,094	\$ 146,328
Investments	0	0	0	0	0	0
Receivables - net	1,322	1,165	0	0	3,887	6,374
Due from other funds	0	0	0	0	824	824
Total Assets	\$ 57,150	\$ 10,490	\$ 0	\$ 17,081	\$ 68,805	\$ 153,526
Liabilities and Fund Equity						
Liabilities						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due to other funds	0	20,628	0	17,081	30,283	67,992
Deferred revenue	0	11,733	0	0	0	11,733
Total Liabilities	0	32,361	0	17,081	30,283	79,725
Fund Balance						
Reserved	57,150	(21,871)	0	0	38,522	73,801
Unreserved	0	0	0	0	0	0
Total Fund Equity	57,150	(21,871)	0	0	38,522	73,801
Total Liabilities and Fund Equity	\$ 57,150	\$ 10,490	\$ 0	\$ 17,081	\$ 68,805	\$ 153,526

Deficit

The Notes to the Financial Statements are an integral part of this statement.

ALLEGAN TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2004

	Miner Lake Improvement Fund	Special Assessment Fund	Building Permit Fund	Debt Service Fund	Fire Equipment Fund	Total Non-Major Governmental Funds
Revenues						
Taxes and penalties	\$ 22,905	\$ 10,481	\$ 0	\$ 0	\$ 47,148	\$ 80,534
Licenses and permits	0	0	48,757	0	0	48,757
State aid	0	0	0	0	0	0
Other revenue	164	12,927	0	0	129	13,220
Total Revenues	23,069	23,408	48,757	0	47,277	142,511
Expenditures						
Current						
Public works	16,021	0	0	0	0	16,021
Public safety	0	0	48,757	0	0	48,757
Debt Service	0	0	0	89,029	0	89,029
Principal	0	0	0	9,737	0	9,737
Interest						
Total Expenditures	16,021	0	48,757	98,766	0	163,544
Excess of Revenues Over (Under) Expenditures	7,048	23,408	0	(98,766)	47,277	(21,033)
Other Financing Sources (Uses)						
Operating transfers in	0	0	0	98,766	0	98,766
Operating transfers (out)	0	(33,406)	0	0	(22,367)	(55,773)
Total Other Financing Sources (Uses)	0	(33,406)	0	98,766	(22,367)	42,993
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	7,048	(9,998)	0	0	24,910	21,960
Fund Balance - April 1, 2003	50,102	(11,873)	0	0	13,612	51,841
Fund Balance - March 31, 2004	\$ 57,150	\$ (21,871)	\$ 0	\$ 0	\$ 38,522	\$ 73,801

The Notes to the Financial Statements are an integral part of this statement.

CAMPBELL, ANGLE & STEFFES, P.C.

Members of:

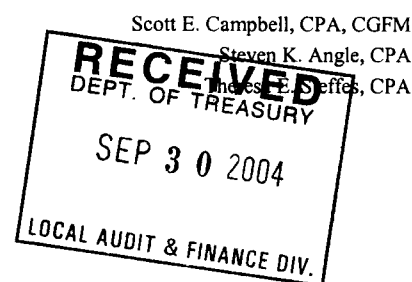
American Institute of Certified
Public Accountants (AICPA)

Michigan Association of Certified
Public Accountants (MACPA)

August 25, 2004

CERTIFIED PUBLIC ACCOUNTANTS

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Scott E. Campbell, CPA, CGFM

Steven K. Angle, CPA

Thomas E. Steffes, CPA

In planning and performing our audit of the Financial Statements of the Township of Allegan for the year ended March 31, 2004, we considered the Township's internal control structure to determine audit procedures for the purpose of expressing an opinion of the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are an opportunity to strengthen internal control and increase operating efficiency. We offer the following items for your consideration.

Uninsured Bank Deposits

As of the audit date, the balances of cash accounts exceeds the levels of federal deposit insurance. The maximum insurable balance is \$200,000 in each bank, \$100,000 for each demand and savings account types. The Township holds funds on deposit with only one bank as of the audit date. Insured demand deposit accounts total \$100,000, while uninsured demand deposit accounts total \$801,120. We recommend that cash balances are spread among several local banks to stay within the insurable limits.

Fire Fund Payroll

Currently, the General Fund is paying payroll tax liabilities for all W-2 employees, and those transfers supporting the Fire Fund payroll taxes remain unrecorded. The payroll accounting system and procedures should be adjusted so that the Fire Fund cash balance is accountable for all fire payroll related disbursements. If the General Fund is still required to support the payroll expense, it should be recorded in the budget and general ledger as a transfer. We are aware that the Township has begun this conversion process and we will assist as needed.

Sewer Fund

The Sewer Fund is the only enterprise, or for-profit, fund of the Township. All sewer related transactions should be deposited into this fund. Sewer taxes collected, hook-up fees and sewer usage charges should be recorded, as well as all related sewer disbursement expenditures including debt payments. If hook-up fees, sewer usage and taxes collected are not enough to pay the debt payments, then the General Fund should budget and record the transfers necessary to support this operation of the Township. The Board needs to monitor and plan ahead for the Sewer Fund's financial needs. In the coming fiscal years, the bond principal requirements are to rise sharply before falling below the current levels. The following details the principal requirements of the Sewer fund:

As paid in	2004	\$ 50,000
Required in	2005	75,000
	2006	60,000
	2007	50,000
	2008-2015	25,000 annually

As of the audit date, it was noted that delinquent or late collection of sewer charges from the City of Allegan had occurred. It is our recommendation that procedures be implemented to ensure that sewer charges are collected timely from the City and that delinquent charges be given attention for collection.

Debt Service Fund

The General Fund and special revenue funds of the Township hold debt with local banks. The debt payments for these loans should be paid and recorded in the Debt Service Fund. (This excludes the enterprise Sewer Fund debt, as is explained above.) Procedures should be implemented to process debt payments in the following manner: 1) Prior to payment due dates, deposit principal and interest requirements for debt payments from the fund that is responsible for the debt into the Debt Service Fund cash account. 2) As debt payments are due, pay them directly from the Debt Service Fund cash account. The Township must budget the transactions in the two affected funds: the transfers out to Debt Service in the originating fund and with the transfers in and debt payments paid out in the Debt Service Fund.

Building Permit Fund

A separate special revenue fund needs to be established to keep track of all building permit activity. Revenues should be posted to a separate building permit cash account and all expenses paid from this separate account. Allocation of deputy clerk wages and any other expense relating to building permit fund activity that are paid by the General Fund should occur in order to insure a proper accounting for this fund.

New Financial Reporting Model

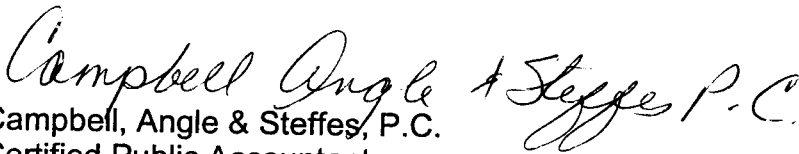
The Governmental Accounting Standards Board (GASB) has recently approved a new financial reporting model. The Allegan Township officials have completed this reporting conversion in this fiscal year. The Township records now include necessary accrual balances and capitalized fixed assets of the Township. We appreciate the cooperation of Township officials in making this conversion.

General

In general the internal control systems of the Township are good and functioning properly. The comments noted above will help the Township strengthen the existing controls and will help provide greater accountability to residents of the Township.

We greatly appreciate the help and cooperation given us by all the Township employees and officials.

Respectfully submitted,


Campbell, Angle & Steffes, P.C.
Certified Public Accountants